

## Message Text

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NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 OMB-01 TRSE-00

ACDA-05 SAJ-01 /060 W

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P R 091325Z MAR 76

FM AMEMBASSY SOFIA

TO USIA WASHDC PRIORITY

INFO SECSTATE WASHDC 916

JFK CENTER FORT BRAGG NC

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E.O. 11652: NA

TAGS: PROP, MILI, UR, US

SUBJECT: TALKING POINTS ON US VS. SOVIET DEFENSE

REF: A) USIA 4233; B) USIA 6204

1. PUTTING TOGETHER INFORMATION CONTAINED IN THE TWO REFTELS, WE HAVE PREPARED A PAPER WHICH WE PROPOSE TO USE WHENEVER THERE IS OPPORTUNITY FOR SERIOUS DISCUSSION HERE ABOUT THE COMMUNIST CHARGE ABOUT EXCESSIVE US DEFENSE EXPENDITURES. HOWEVER, IN DOING SO WE HAVE ENCOUNTERED SOME DIFFICULTIES WHOSE RESOLUTION, WE BELIEVE, WOULD ALSO BENEFIT OTHER RECIPIENTS OF REFTELS.

2. PRINCIPAL DIFFICULTY IS DISCREPANCY BETWEEN FIGURES IN REF A ABOUT U.S. DEFENSE EXPENDITURES AND THOSE IN THE LAST TABLE OF REF B. IT IS NOT CLEAR WHETHER FIGURES FOR 1973, 1974 AND 1975 (ATTRIBUTED TO LONDON INSTITUTE FOR INTERNATIONAL STUDIES) ARE INTENDED TO BE COMPARABLE TO THOSE GIVEN IN REF B IN TERMS OF ACTUAL OR CURRENT PRICES. WHILE THEY DO NOT HAVE TO MATCH EXACTLY, THERE SHOULD AT LEAST BE SOME GENERAL EXPLANATION FOR THE DISCREPANCY. OTHERWISE USE OF BOTH SERIES IS APT TO

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PROVOKE CHARGE THAT FIGURES ARE INCONSISTENT AND THUS

UNRELIABLE.

3. WE HAVE ALSO INSERTED A PARAGRAPH TO THE EFFECT THAT THE NUMERICAL SUPERIORITY OF THE SOVIET UNION IS MADE UP BY QUALITATIVE SUPERIORITY OF THE US IN SOME OF THE SAME CATEGORIES AND IN OTHER CATEGORIES. WE DID THIS TO AVOID THE IMPRESSION THAT THE US HAS FALLEN DANGEROUSLY BEHIND THE USSR, WHICH IS NOT IN OUR INTEREST ANYWHERE AND IN THE ENVIRONMENT OF SOFIA WOULD ONLY LEAD TO RE-  
JOICING.

4. SINCE THERE MAY BE BENEFIT ALSO FOR OTHER RECIPIENTS OF REFTELS IN HAVING ONE CONSOLIDATED STORY WHICH HAS BEEN CHECKED FOR INTERNAL CONSISTENCY AND GENERAL ACCURACY, WE TRANSMIT BELOW THE PAPER THAT WE HAVE ASSEMBLED, FOR COMMENT AND ANY USE THE AGENCY MAY WISH TO MAKE OF IT. WE COULD VISUALIZE, FOR INSTANCE, THAT A BYLINE ARTICLE IN THE WIRELESS BULLETIN MIGHT BE OF USE TO A NUMBER OF POSTS. IT CERTAINLY WOULD BE TO US.

5. BEGIN TEXT:

THE UNITED STATES GOVERNMENT HAS ASKED THE CONGRESS FOR APPROPRIATIONS OF 112.7 BILLION DOLLARS FOR THE DEFENSE BUDGET. THIS HAS GIVEN RISE TO UNINFORMED COMMENTS ABOUT THE "RECORD SIZE" OF THE BUDGET REQUEST. IT IS NOT SURPRISING THAT SUCH COMMENT IS UNINFORMED, FOR IT DOES NOT TAKE INTO ACCOUNT A NUMBER OF FACTORS WITH RESPECT TO THE AMERICAN DEFENSE BUDGET WHICH ARE NOT APPARENT FROM PRESS REPORTS.

FIRST, IT IS A FACT THAT THE U.S. DEFENSE BUDGET HAS NOT GROWN IN REAL TERMS AT THE SAME PACE AS THE MILITARY EXPENDITURES OF THE SOVIET UNION. ACCORDING TO STATISTICS PREPARED BY THE HIGHLY-REPUTED LONDON INSTITUTE FOR INTERNATIONAL STUDIES, THE COMPARATIVE BREAKDOWN IS (IN BILLIONS OF DOLLARS):

	1972	1973	1974	1975
UNITED STATES	77.6	78.4	84.3	92.8

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SOVIET UNION	84.4	88.9	96.4	103.8
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THESE FIGURES DO NOT PROPERLY TAKE INTO ACCOUNT THE FACTOR OF INFLATION. IT IS WELL KNOWN THAT PRICES AND WAGES HAVE BEEN RISING IN THE UNITED STATES DURING THE LAST YEARS. THE SOVIET UNION HAS POINTED OUT THAT IT HAS NOT HAD A COMPARABLE PROBLEM. THE FOLLOWING BREAK-DOWN OF U.S. MILITARY BUDGET FIGURES IS PROVIDED TO SHOW

HOW DEFENSE COSTS HAVE INCREASED DUE TO INFLATION AS EXPRESSED IN CURRENT AND CONSTANT PRICES. (CONSTANT PRICES ARE THOSE USED IN THE FISCAL YEAR 1977 BUDGET REQUEST, APPLIED RELYOACTIVELY TO PREVIOUS YEARS). ALL FIGURES ARE AGAIN IN BILLIONS OF DOLLARS.

	1973	1974	1975	1976	1977
	(ACTUAL)	(ACTUAL)	(ACTUAL)	(ESTIM)	(ESTIM)
CURRENT PRICES	80.1	85.1	87.9	98.2	112.7
CONSTANT PRICES	111.6	107.3	100.7	105.3	112.7

THE FIRST LINE ABOVE SHOWS THE TOTAL OBLIGATION AUTHORITY IN CURRENT PRICES; THE SECOND LINE SHOWS THE SAME DATA IN "CONSTANT" (1977) PRICES -- THAT IS THE AMOUNTS OF DOLLARS WHICH WOULD HAVE BEEN REQUIRED IF FISCAL YEAR 1977 PAY RATES AND PURCHASE PRICES HAD BEEN IN EFFECT IN ALL YEARS. THUS, THE SAME PROGRAM WHICH COST 80.1 BILLION IN FISCAL YEAR 1973 WOULD HAVE COST 111.6 BILLION AT FISCAL YEAR 1977 PAY RATES AND PRICE LEVELS. INFLATION HAS ADDED ABOUT 39.2 PERCENT TO DEFENSE COSTS OVER THIS PERIOD OF 4-1/2 YEARS.

IT CAN BE SEEN, CONSEQUENTLY, THAT AMERICAN DEFENSE EXPENDITURES DROPPED DURING 1974, 1975 AND 1976 VIS-A-VIS 1973, EVEN WHILE SOVIET DEFENSE EXPENDITURES INCREASED DURING EACH OF THOSE YEARS. HOWEVER, EVEN AFTER TAKING INTO ACCOUNT THE INFLATION FACTOR THE FULL DIFFERENCE BETWEEN SOVIET AND AMERICAN DEFENSE EXPENDITURES DOES NOT YET EMERGE BECAUSE THERE ARE ALSO OTHER FACTORS.

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THE UNITED STATES NOW HAS AN ALL-VOLUNTEER ARMY, WHEREAS THE SOVIET UNION HAS COMPULSORY MILITARY SERVICE. EVEN BEFORE INSTITUTION OF THE VOLUNTEER SYSTEM, THE DIFFERENCE IN PAY HAS BEEN TREMENDOUS, AND THE SHIFT FROM DRAFT TO PROFESSIONAL MILITARY SERVICE HAS FURTHER INCREASED THE COST PER MAN OF THE UNITED STATES ARMED FORCES. AS AN EXAMPLE, IT IS ESTIMATED THAT AT THIS TIME THE COMPARATIVE PAY FOR A U.S. AND SOVIET PRIVATE IN THE RESPECTIVE ARMIES IS ROUGHLY \$6,000 TO \$1,000. THESE TWO FIGURES PROBABLY STILL UNDERSTATE THE DIFFERENCE SINCE THE FIGURE FOR THE SOVIET SOLDIER INCLUDES NOT ONLY PAY BUT FOOD AND CLOTHING COSTS FOR ONE YEAR.

FOR THE UNITED STATES -- BUT NOT FOR THE SOVIET UNION -- PERSONNEL COSTS ROSE TO 44 PERCENT OF THE TOTAL DEFENSE OUTLAYS BY 1964, AND SINCE THAT TIME CLIMBED TO 55 PERCENT DESPITE THE FACT THAT DURING THAT PERIOD MILITARY AND CIVILIAN PERSONNEL IN THE AMERICAN MILITARY ESTABLISHMENT WERE REDUCED BY 20 PERCENT. IN FACT, SINCE FISCAL YEAR 1973 PERSONNEL COSTS HAVE CLAIMED 55 PERCENT OF THE TOTAL AMERICAN MILITARY BUDGET.

FOLLOWING IS A COMPARISON BETWEEN UNITED STATES  
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AND SOVIET MILITARY STRENGTH FOR THE PERIOD OF 1965  
TO 1975.

	1965	1975
SOVIET PERSONNEL	3,510,000	4,812,000
U.S. PERSONNEL	2,653,000	2,134,000
DIFFERENCE	857,000	2,678,000

IT IS INAPPROPRIATE, THEREFORE, TO SPEAK OF THE AMERICAN MILITARY BUDGET BEING DISPROPORTIONATELY LARGE IN FISCAL YEAR 1977. IT IS NOT EVEN YET BEGINNING TO CATCH UP WITH THE SIZE OF THE SOVIET BUDGET AND THE SIZE OF THE SOVIET ARMED FORCES -- NOR IS IT THE PRESENT INTENTION OF THE UNITED STATES GOVERNMENT TO CATCH UP IN ALL RESPECTS, SINCE AN EFFECTIVE BALANCE CONSISTS OF MANY ELEMENTS.

WE ARE QUITE AWARE, AND SO ARE EXPERT OBSERVERS IN

OTHER COUNTRIES, THAT THE NUMERICAL SUPERIORITY OF THE SOVIET UNION IN CERTAIN CATEGORIES IS MADE UP BY QUALITATIVE SUPERIORITY OF THE UNITED STATES IN SOME OF THE SAME CATEGORIES AND IN OTHER CATEGORIES.

NEVERTHELESS, WHEN IT IS CLAIMED THAT AMERICAN ARMAMENTS ARE EXCESSIVE, THE FOLLOWING STATISTICS IN MAJOR WEAPONS CATEGORIES SHOULD BE TAKEN INTO ACCOUNT SINCE THEY SHOW THAT SUCH CLAIMS ARE NOT BASED ON THE OBJECTIVE SITUATION.

WEAPONS CATEGORY	UNITED STATES	SOVIET UNION
ICBM'S	1,054	1,600
SLBM'S	656	730
STRATEGIC BOMBERS	497	160
OTHER AIRCRAFT	6,800	10,500
HELICOPTERS	9,000	2,500
TANKS	9,000	42,000
ARTILLERY	6,000	20,000
MAJOR SURFACE		
COMBATANT SHIPS	172	229

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GENERAL PURPOSE SUBMARINES	75	255
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AN OBJECTIVE EVALUATION OF THE FACTS THUS SHOWS THAT CONTRARY TO CLAIMS BY CERTAIN PROPAGANDA MEDIA, WHILE SOVIET EXPENDITURES AND FORCE LEVELS HAVE INCREASED SUBSTANTIALLY DURING THE LAST DECADE, UNITED STATES FORCE LEVELS AND DEFENSE EXPENDITURES HAVE (IN REAL TERMS) BEEN GOING DOWN. IF THE UNITED STATES TODAY WERE TO ALLOCATE TO DEFENSE THE SAME PERCENTAGE OF GROSS NATIONAL PRODUCT (GNP) AS, FOR EXAMPLE, IN 1964, IT WOULD BE SPENDING 130 BILLION DOLLARS. IF IT WERE TO MATCH WHAT IS CONSIDERED THE CURRENT SOVIET PERCENT OF GNP DEVOTED TO DEFENSE, THE CURRENT U.S. BUDGET REQUEST WOULD BE ABOUT 200 BILLION DOLLARS. THE MODEST INCREASE IN FISCAL YEAR 1977 OF THE U.S. DEFENSE BUDGET REQUEST CAN THUS BE SEEN AS NOTHING MORE THAN A LONG OVERDUE EFFORT TO MODERNIZE SOME WEAPONS AND TO MAINTAIN THE PRESENT STRATEGIC AND TACTICAL EQUILIBRIUM, TAKING INTO ACCOUNT THE INCREASED COSTS WHICH HAVE DURING PAST YEARS INVOLVED A DIMINUTION OF THE U.S. DEFENSE EFFORT.

AS SECRETARY OF DEFENSE DONALD RUMSFELD SAID IN HIS FYCTEMENT TO THE U.S. CONGRESS: "THE FISCAL YEAR 1977 BUDGET REPRESENTS A BALANCED PROGRAM TO MEET THE NATIONAL SECURITY NEEDS OF THE UNITED STATES. ULTIMATELY, THE

LEVEL OF OUR DEFENSE SPENDING MUST BE JUDGED AGAINST THE  
NATION'S VITAL INTERESTS AND THE MILITARY CAPABILITIES  
WE REQUIRE IN A WORLD WHICH IS UNCERTAIN AND IN WHICH  
TRENDS IN THE GLOBAL MILITARY POWER BALANCE ARE DISTURB-  
ING. WHILE MEASURES LIKE PERCENT OF GNP OR OF FEDERAL  
SPENDING ARE USEFUL, THE ADEQUACY OF THE DEPARTMENT  
OF DEFENSE BUDGET CANNOT BE APPRAISED SOLELY IN SUCH  
TERMS." END TEXT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BRIEFING MATERIALS, MILITARY EXPENDITURES, MILITARY PLANES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ullricre  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976SOFIA00500  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760090-0477  
**From:** SOFIA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1976/newtext/t19760379/aaaacscf.tel  
**Line Count:** 286  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ullricre  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2004 by CunninFX>; APPROVED <30 JUL 2004 by ullricre>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TALKING POINTS ON US VS. SOVIET DEFENSE  
**TAGS:** PROP, MILI, UR, US  
**To:** USIA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006